

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: April 1, 2008

Bill Number: H.B. 4883

Authors: Barfield, Clemmons, Edge, Hardwick, Hayes, Viers and Witherspoon

Committee Requesting Impact: House Ways and Means

Bill Summary

A bill to amend the Code of Laws of South Carolina, 1976, by adding Article 4, to Chapter 10 of Title 4, enacting the "Education Capital Improvements Sales and Use Tax Act" so as to allow a one percent local sales and use tax to be imposed in a county for not more than fifteen years upon referendum approval with the revenues of the tax used by the county's school district board of trustees to pay for specific public school capital improvements in the county and to provide a method whereby revenue of the tax may be shared for the purposes of specific capital improvements on the campuses of a technical college or other state institution of higher learning located in the county, to provide for the referendum required for the imposition of the tax, the duration of the tax, not to exceed fifteen years, and to provide for the administration of the tax and the distribution of the revenue.

REVENUE IMPACT ^{1/}

This bill is expected to increase local school district sales tax revenue by \$252,048,079 in FY 2008-09 if the tax were imposed for the full fiscal year in all 20 counties that are eligible to impose this tax.

Explanation

This bill would impose a 1% sales tax within a county, subject to favorable referendum, for not more than 15 years to be used by the county's school district Board of Trustees to pay for specific public school capital improvements. The revenue may be shared for specific capital improvements on the campuses of a technical college or other state institution of higher learning located in the county. This tax would be administered similarly to the current state sales tax except for additional exemptions for food and items subject to a maximum tax under the current statewide sales tax. Seven counties currently impose a local sales and use tax for public school capital improvement. This leaves 20 counties whose school district boundaries are the same as the county boundaries that could enact this tax. Based on the current estimate for statewide sales tax revenue inflated to FY 2008-09 and adjusted for the additional exemptions for food and maximum cap items, we expect this bill to increase local school district sales tax revenue by \$252,048,079 in FY 2008-09 if the tax were imposed for the full fiscal year in all 20 counties that are eligible to impose this tax.

/s/ WILLIAM C. GILLESPIE, Ph.D.

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Gibson

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.